



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities
and Substance Abuse Services**

RRM Section • Accountability Team

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February 18, 2008

Memorandum

To: Child & Adolescent Residential Treatment Providers

From: Jim Jarrard, Accountability Team Leader
DMH/DD/SAS, Resource & Regulatory Management Section

Subject: 2007/2008 Medicaid Audit of Residential Treatment Providers Level II Program,
Level III, Level IV and PRTF

Between March 10 and May 23, 2008 the NC Division of MH/DD/SAS will conduct Medicaid audits of directly enrolled Residential Treatment provider services for children and adolescents. Services reviewed will include Residential Treatment Level-II Program, Level-III, Level-IV and PRTF. The enclosed list of providers to be audited includes only the week during which each provider's audit will occur, as well as the audit site. The list is also available on the website indicated below.

Please keep this letter throughout the audit process for reference purposes.

**Note: All documents required for preparation for this audit event
are posted on the DMH/DD/SAS website:**

<http://www.ncdhhs.gov/mhddsas/audits/index.htm>

Audit Process and Components:

- A listing of the directly enrolled child and adolescent Residential Treatment and PRTF providers to be audited and the audit site information is enclosed, and is also available on the website identified above. **For the specific information on audit tools and instructions, please download the following information from our website:**
 - √ **Medicaid Residential Treatment / PRTF Audit Tool.** This tool will determine Medicaid compliance in 14 areas related to a specific date of service and to the staff who provided the service
 - √ Medicaid Residential Treatment / PRTF Auditor Instructions
 - √ Staff Qualifications Checklist
 - √ **Staff Ratio Tool.** This tool is used to determine whether staffing ratios were met during a specified time frame. The staff ratio review applies only to Level III, Level IV and PRTF services.
 - √ Staff Ratio Auditor Instructions.
 - √ 2007/2008 Residential Treatment Provider Audit Schedule by Audit Site
 - √ 2007/2008 Residential Treatment Provider Audit List by Parent Company
 - √ 2007/2008 Residential Treatment Provider Audit List by Provider
- **The following information will be posted on the web and/or sent via UPS at least one (1) week prior to each audit week:**
 - √ Individual audit appointments (date and time)
 - √ Directions to each audit site
 - √ List of service records to be audited (this list will *not* be posted on the web). The list will include names, birth dates and Medicaid numbers. If a child's name is listed more than once, it means that more than one date of service was randomly chosen for audit from that child's record.
 - √ Dates of documentation needed for the Staff Ratio review (these dates will *not* be posted on the web).
- All events for the Residential Treatment Services and PRTF audits will be drawn from paid claims dates of October 1, 2007 – January 31, 2008. **These paid claims dates may include services provided on any date between July 1, 2007 and January 31, 2008. Therefore, service records brought to the audit site must include required documentation from July 1, 2007 - January 31, 2008.**
- The Residential Treatment and PRTF samples will consist of fifteen (15) primary and five (5) backup randomly selected service dates per provider. A total of twenty (20) events will be included in each sample.
- If a service event which is included in the audit sample was repaid to Medicaid prior to the provider's receipt of the list of records to be audited, that event will be omitted and the next numbered event from the alternate list will be substituted.
- On the date of the audit, service records must be located at the audit site indicated on the audit schedule. All individual agencies are responsible for maintaining or arranging the security of their records.
- It is required that each Medicaid provider have staff persons who are familiar with agency records available at the audit site.
- Once the audit is complete and auditors have left the site, **no additional documentation will be accepted.**

- Service documentation needed for audit **must be indicative of what was current and in place for all possible dates of service from July 1, 2007 – January 31, 2008, inclusive.** Documentation required on-site includes:
 - √ **Service Authorizations** for all possible dates of service
 - √ **Service Orders** for all possible dates of service, per the requirements of the Person Centered Planning Instruction Manual.
 - √ **CONs** for PRTF services.
 - √ **Person Centered Plans** current for all possible dates of service. (Note: this could be a PCP that is prior to the current one, i.e., is not in effect now, but was at the time of the service date being reviewed.)
 - √ **Service Documentation/Shift Notes** for all possible dates of service.
 - √ **Staff training / qualifications** in place for all possible dates of service.
 - √ **Staff training on Alternatives to Restrictive Interventions**, including at a minimum, annual updates.
 - √ **Staff supervision plans and evidence of supervision taking place** per supervision plan and supervision policies for all paraprofessionals and associate professionals.
 - √ Evidence that the **Division of Criminal Information (DCI)** data bank was accessed for a **criminal record check** prior to the date of service being reviewed.
 - √ **Health Care Personnel Registry checks** current for all possible dates of service.
 - √ Documentation (for **Level II Program** services) that **clinical consultation** was provided by a QP to each Level II Program facility at least twice per month.
 - √ Documentation (for **Level III and Level IV** services only) of **consultative and treatment services at a qualified professional level** per the DMH/DD/SAS Residential Treatment Service definitions.
 - √ Documentation (for **PRTF**) that the **psychiatrist provided weekly consultation to review medications** with each child/adolescent in residence.
 - √ **Policy and Procedure Manual** showing policies in effect for all possible dates of service.
 - √ **Legal documents related to guardianship and/or the legally responsible person** when applicable, i.e., in instances where the natural parent is not the guardian.
 - √ **Evidence that required staff to child ratios were met per the 10A NCAC 27G .1700, .1800 and .1900 rules for Level III, Level IV and PRTF services.** Such evidence may include staff time sheets, house/facility census logs, therapeutic leave logs, or other documentation that clearly indicates how many children were present in the facility and how many staff were on duty during each shift. **The packet you receive via UPS one - two weeks prior to your audit will indicate for which month you will need to bring this documentation.**

Please have all items available for review at the audit site.

Division of Medical Assistance (DMA) Information:

- **Once the Medicaid audit is complete, no additional documentation will be accepted for review.**
- This is a targeted audit on a limited sample of issues identified on the Medicaid audit tools. This audit does not represent all the items or issues that may be reviewed by DMA or other entities such as the NC Attorney General's office as allowed by applicable policies, State and Federal Regulations.
- DMA Program Integrity has the authority and responsibility to expand the scope of this audit as necessary to encompass all applicable recoupment or other sanctions.

Audit Completion:

- At the completion of the record review, the audit team will leave copies of the Medicaid events reviewed and found out of compliance. This transaction acts as informal notification of events found out of compliance. Please note that there may be revisions to the on-site findings when the audit tools are reviewed later by an audit team leader.
- **Requests for reconsideration of Medicaid audit findings are directed to the Division of Medical Assistance (DMA).** Information on the DMA process and timelines for submitting such requests will be included in the DMA letters received in conjunction with the formal Summary of Findings report.
- **Out of compliance findings that represent a systemic issue may require that a Plan of Correction (POC) be submitted to the Division of MH/DD/SAS.** Information on the DMH/DD/SAS process and timelines for submitting POCs will be included in each agency's formal Summary of Findings report,

Contacting Us

- If you have not already provided information via a phone call from a member of the Compliance Unit / Accountability Team, regarding the contact person for future communication about the logistics of the audit process, please provide us with that information by February 22, 2008. by contacting Belinda Beardsley at:

Belinda.Beardsley@ncmail.net, (919) 881-2446 or (919) 508-0968 (FAX).

- If you have questions concerning the information in this memorandum, or anything else related to the upcoming 2008 audit event, please contact:

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We look forward to a successful audit.

cc: Tara Larson
Tom Galligan
Pat Delbridge
DMH/DD/SAS Executive Leadership Team (ELT)